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SMALL HOLDINGS AND AGRICULTURAL CO-OPERATION IN ENGLAND

SUMMARY

The influence of America on English Agriculture, 499. — The Small Holdings Act of 1908, 501. — The application in the County of Cambridgeshire, 502. — Difficulties and achievements, 503. — The experiment at the Tile House Farm, Soham, 504. — Partial adoption of co-operation, 505. — Varying success of agricultural co-operation in England and on the Continent of Europe, 506. — Problems of co-operative sale, 509. — Conclusions, 513.

SINCE about the year 1879, the initial year of the English agricultural depression, the course of English agriculture has been profoundly influenced by the opening up of trans-atlantic markets, in particular those of the United States, Canada, and the Argentine Republic. In the earlier part of this period it was in cereal crops and especially in wheat that English farmers felt American competition most severely. The result is to be seen in the large conversion of arable into grass. Thus in 1867 the proportions of arable and grass in the United Kingdom were 23 million acres arable to 22 grass, in 1907, 19 million acres arable to 27 grass (the latter date including an extra million acres obtained in the interval by reclamations).

However, in 1904 there was a sudden and heavy drop in the wheat imports from the United States, which now seem to need the bulk of their produce for their own industrial population. Canada and the Argentine have meanwhile taken their place, but English agriculturists think that the transference from arable to grass has approached its end and that

with wheat at anything near 40s. per qr. the English output of wheat is not likely to be curtailed further.

On the other hand, since 1867 the quantity of live-stock (excepting sheep) and of dairy and market-garden produce has increased. Yet even here, owing to the development of transit and storage, England is now exposed to foreign competition almost as much as in cereals — witness in particular the cheese and fruits of Canada, the meat of North America and Australasia, and the eggs and butter of Denmark and Russia. The English farmer has to face the fact that his only assured market is in products like milk and high class fresh fruits and vegetables, which must be supplied close to the place of consumption.

Other countries of Western Europe have felt the effect of American competition no less than England. But they were better able to meet it, because from the beginning they had a strong peasant proprietary, which was particularly suited to the growing of the small products of the farm, such as vegetables and fruit, milk, poultry, and pigs, and because it was to these products that the trend of international agriculture was more and more inclining Western Europe.

In England, indeed, we have always had some small farms, but at the time of the agricultural enclosures of a century ago, the small yeoman class, preserved on the Continent by special legislation, was squeezed out of existence, as a compact body, by the harsh terms of the enclosure acts. The evils of this policy were not keenly felt while English farming was mainly concerned with cereal growing and was comparatively free from trans-atlantic competition. But since 1879 the situation has changed. A recent law in England, the Small Holdings and Allotments Acts of 1907, now superseded by the consoli-

dating Act of 1908, is aiming to increase the number of small farmers. The act was not passed for the express purpose of increasing the number of dairy farmers and market gardeners. As I hope to show, wheat-growing can be successfully undertaken under certain conditions by the small holder. The intention of the act was the larger one of providing a broader stepping-stone between the agricultural labor and the tenant farmer and of thereby retaining on the land more of its best blood than heretofore. But it is certain that in England we were more or less consciously influenced by the example of the small farmers of Denmark and other countries of Continental Europe, and it is no less certain that the greatest successes of the small farmers of the Continent have been in the raising of dairy and market-garden produce.

The act of 1908 provides for the acquisition of land by the County Councils (through compulsory purchase, if need be), to be relet by them to suitable tenants in small holdings and allotments of from 1 to 50 acres. The tenants have power to purchase, but they have very rarely used the power. It also encourages the formation of co-operative small holdings and allotments associations on the one hand, and of co-operative trading societies and credit banks on the other. That the act is bearing fruit may be judged from these facts: first, that in April, 1908, applications had been made for land amounting to 167,000 acres; and second, that since the passing of the act 130 small holdings and allotments associations have been created, of which 10 were in possession of land in July, 1909.

It should be noted that the act speaks of "small holdings" and "allotments." An allotment may not be more than 5 acres, a small holding anything

from 1 to 50 acres. The parish or other local council (as distinct from the County Council) has power also to supply allotments up to 5 acres. The statutory distinction between a small holding and an allotment is thus made somewhat vague, but the agricultural distinction is clear enough. A small holding is in purpose a small farm of from 5 to 50 acres, which will enable the tenant to make a living out of agriculture mainly or wholly. An allotment is intended to supplement the earnings of the agricultural laborer or town artisan and to occupy his leisure only. This article is concerned not with the allotment, but with the small holding of 5 acres and upwards, which forms the more important part of the holdings which are being created under the act.

The extent to which the act can be enforced depends on three things, the demand for land, the activity of the County Council, and the attitude of the land-owners within the County. The experience of the Cambridgeshire County Council, which has so far done more under the new act than any other County Council, will serve in illustration of these three points.

The cultivated area of Cambridgeshire is something short of 500,000 acres. Between the passing of the act and January, 1908, the Council has received applications for more than 12,000 acres of land. This demand is real, because it is known that no application will be considered unless the applicant can produce evidence of possessing capital sufficient to start the holding. The sum required is about £3 per acre.

The activity of the Council is proved by the fact that in January last negotiations were pending for the acquisition of 6,000 acres. The land which is being negotiated for is in about 70 different places and the areas vary in size from 800 to 5 acres. Care

is taken only to apply to landlords who are big owners and for lots which will not disturb existing small farmers. The Council has already acquired 1,531 acres, 692 acres by outright purchases at an average price of £20 per acre, and 839 on leases of from 7 to 21 years at an average annual rental of slightly under £1 per acre.

There have of course been difficulties, here as elsewhere, in the way of obtaining offers of land from owners. In some cases in other counties the opposition has been reasonable, on the ground that the County Council is applying for the "eyes" of a farm only, or for some central portion of a farm the loss of which would materially depreciate the outlying parts. But more often the opposition is based on hearsay information or vague prejudice; on the objections of agents, who declare that it is more troublesome to deal with small holders than with large farmers — a difficulty that is precisely met by the small holdings association, which guarantees its members' rent; or on the objections of large farmers, who are pleased to imagine that small holders are inclined to pilfer; or on the aesthetic distaste for small holdings as disfiguring the country, which even if true of the allotment is untrue of the small holding; or on the interference with hunting which small holdings occasion.

The latest Memorandum¹ of the Cambridgeshire County Council states "that in a large number of parishes enquiries addressed to the landowners have been unsuccessful and no suitable land is offered, and that in several places there is no prospect of the Act being put in force within a reasonable time without the use of compulsory power." Corporate owners,

¹ 9 January, 1909, p. 3.

especially the Colleges of the older Universities, are sinners in this respect, their idea of a small holding being a disordered field dirtied with hen-runs in the possession of an upstart radical. The County Councils are in a difficult position. On the one hand they must not mutilate existing farms, and on the other hand they cannot afford to accept voluntary offers of very poor land or land far removed from a village or market. The latter policy would be a mistaken kindness to the intending small holder.

The next question is, what is being done with the land thus obtained? Is it being redistributed among tenants who derive their livelihood from the land or among tenants who use it as an appendage to shop-keeping or village industry, or as a place to retire to on a private income?

In Cambridgeshire at any rate the land is being mainly taken up by genuine rural tenants. Thus by far the largest single lot hitherto acquired is a farm that was taken over in the autumn of 1908, namely the Tile House farm at Soham near Ely, 660 acres in extent, distributed among 27 tenants. The Council has the farm on lease for 14 years and has relet it at from 24s. to 36s. per acre. Most of the land is under white crops, tho there are some green crops for rotation, peas, beans, mangolds, and potatoes.

The operation of this farm suitably illustrates the conditions under which small holdings have a chance of success. In the first place, the land was taken the over in thoroly good condition. The large part of farm is white land ("shell marl") and the remainder black land, which is grass-farmed in common by all the tenants, every 8 acres of arable carrying one grazing right, *i. e.*, for one horse or one head of cow stock. And the tenant rights (*i. e.*, the valuation

on each holding) were taken and paid for by the small holders on entering the farm. In the second place, the tenants are all men brought up on the land and in the locality. This is not a "back to the land" movement of industrial incapables, forwarded by philanthropic agencies. The tenants, being familiar with the locality and with one another, know what to do and how to work amicably together.

But modern farming has two sides, the purely agricultural side and the business side. The latter demands expert action, which can hardly be supplied except by some form of co-operation. The spontaneous move of the Soham men in the direction of co-operation shows the tendency of the English small holders to follow in the footsteps of the farmers of Western Europe, as soon as there is a natural call for joint action.

On the business side of agriculture there are three main needs: skill in the selection of agricultural requisites, especially artificial manures; sound credit; and expert selling. To this the Continent has replied with co-operative supply societies, co-operative banks, and in part, but only in very small part, with some kind of co-operative selling agency.

Co-operative supply covers two departments, the supply of materials and the common use of machinery. In the case of Soham both these departments have been entered upon. The tenants have formed a supply society, called the Soham Small Holders Limited (for "co-operative" is still an unsavory term in the English country side). The shares are £1, (2s. 6d. paid up) and the number to be taken by each tenant varies according to the size of his holding. The materials dealt in are manures, feeding stuffs, implements, and the like.

This is the simplest and easiest form of agricultural co-operation. It is general over Western Europe, and it is practised there by big as well as by small farmers. The Agricultural Organisation Society, the central organising authority of agricultural co-operation in England, records for the year ending 1908 128 supply societies in England and Wales, with a total turnover of more than £500,000.

The main difficulty of co-operative supply concerns the size of the society. It should be big enough to take up a solid position in its dealings with outside firms, but not so big as to squeeze out or frighten away the smaller men, to whom co-operation is most essential. This latter is the danger of the big Eastern Counties Farmers' Co-operative Association (headquarters Ipswich, county Suffolk) which in 1908 had a turnover exceeding £200,000.

The way out of the dilemma seems to be on the Continental lines of small local societies with provincial or national wholesale federations. And this way is now being followed in England by the Agricultural Co-operative Federation, which negotiates with manufacturers, importers, and wholesale firms, on behalf of the local and especially the smaller local societies.

The supply of agricultural machinery is a special department of agricultural supply, because much machinery, owing to its expensiveness, is not bought for individual accounts, but is held by the society and used jointly. Thus the Soham Small Holders Ltd. have manure drills, corn drills, reaping machines, and Cambridge rollers, which are let out to the members at fixed times and at a fixed tariff. The difficulty in the joint use of machinery is that the machines are apt to be wanted by all the members of a society

at the same time. The Soham holders seek to escape this difficulty by a rule that a member wishing to use any implement must enter his name for it not more than 6 days in advance, and if he does not use it within 3 days of the date named he loses his turn. This prevents members from booking many days ahead, on the chance of wanting a certain implement. In the special case of Soham the difficulty is not so urgent, as there is a considerable amount of private tackle in the neighborhood.

About co-operative banking in England the tale is very different. The village bank, so successful on the Continent — there are over 13,000 in Germany, with no single instance of failure — has hung fire in England, despite a flood of propagandist literature on the subject. We cannot attribute this off-hand to the ignorance of our small farmer, because he is at least as intelligent as the French or German peasant. Perhaps the explanation may be found along two lines.

First there is the general reason that the English farmer, under the English system of leasehold tenure, rents from his landlord not only land, but also much fixed capital. Being a bigger man than the small proprietor of the Continent, he is strong enough to command what current capital he needs at the ordinary joint stock bank. As regards the large farmer, this condition of things is likely to persist. But there are many small farmers whose banking habits are very rudimentary; and their number will be increased with the spread of small holdings. The amount of capital required to work an acre of ordinary arable land may be put at £5 to £8 per acre, according to the size of the holding and the proportion of labor supplied by the tenant and his family. The inade-

quacy of the small holder's capital, and his difficulty in supplementing this by borrowing, are dangers to which agricultural experts are rightly calling serious attention.

The Soham holders are now being called on to face this difficulty. They had enough money to take over their holdings last year (1908): several men actually backed their application by producing a bundle of sovereigns. They have been able to maintain themselves and their families as well as to farm the land fully up to the present harvest time (September, 1909). But their funds will be insufficient when money is wanted for the purchase of stock in the coming winter (1909-10). In view, therefore, of this approaching need, the local organisers tried to start a village bank in January, 1909, but it did not "go"; partly because the men found it difficult to appreciate the workings of it, but mainly because, as they said, they did not seem to feel the need of it. The need, however, will certainly be felt soon.

A second reason of failure is to be found, I think, in the hard and fast lines on which organisers in England have invoked the imitation of the Continental village bank, called the Raiffeison bank after its German founder. The principles of this type of bank are unlimited liability, nominal capital, and no dividends. We in England have not to deal with the same material as had Germany 50 years ago, — an old established peasantry well practised in credit dealings, but in dealings with Jewish usurers only. We have on the one hand sound provincial banks, which through the growing amalgamation with London houses are found to be showing less inclination to bother with very small country credits. On the other hand we have a number of small farmers, primi-

tive perhaps, yet little victimised in their credit operations. For these men unlimited liability has considerable terrors; and it is probable that the necessity for it may be avoided by means of joint action with outside banks. Thus in the Soham scheme a big provincial bank offered assistance on the following terms: the Small Holders' bank to issue among its members according to acreage £1 shares with 2s. paid up, bearing 4% interest, and the provincial bank to advance an amount something short of the total of the capital, paid up and uncalled. Perhaps even a modification of this might serve as a beginning, the village bank merely guaranteeing a part of the provincial bank's loans to individuals.

Finally there is the question of sale, the most important single operation of agriculture. Co-operative sale has been and is still the stumbling block of agricultural co-operation on the Continent, as well as in England. But here a distinction must be drawn. High success has been achieved in Denmark with the co-operative sale of butter, bacon, and eggs. But the butter and bacon are first manufactured co-operatively and then sold by the society as the final stage in its co-operative production; while eggs are only a subsidiary industry on the farm. By co-operative sale I mean in particular the joint selling of the main produce of a farm in its harvested form directly to the wholesale market.

The same reasons of failure are heard on the Continent as in England. "The farmer likes his day at the market." "He does not believe that an agency can get as good a price as himself." Or, as a French writer naively puts it, "it is at the moment of sale that the egoism of the farmer most asserts itself." To appreciate, however, the real difficulties, a further

distinction must be drawn, which is of particular importance from the standpoint of the small holder. The distinction concerns the nature of the produce, according as it consists of cereal crops; livestock; or market garden produce, such as fruit, flowers, and vegetables.

Wheat is not grown in sufficient quantities to be graded and stored in elevators on the American principle. It is sent to the local market in sacks and sold by sample. There is open competition and a definite market price. The small holder in his local market probably suffers little disadvantage in the matter of bargaining. Co-operation has not many economies to offer. In Germany, where the co-operative corn houses have been heavily subsidised by the Government, the result is nevertheless meagre and disappointing. The co-operative sale of livestock lies midway between cereals and market garden produce. There is an open and well organised market, but the variations in the quality of the stock leave a wide field for individual higgling, which the farmer loves and at which he is generally less expert than the buyer. Several societies, in particular the Winchester Agricultural Trading Society, have made a successful beginning with co-operative auction sales. The Report of the Agricultural Organisation Society for 1909 (p. 27) states:—“ Until recently great difficulty has been experienced in securing entries of cattle for the auction, but this is being slowly and surely overcome, as the number of beasts entered during the past few months has exceeded expectations and satisfactory prices have been realized. . . . The scale of commissions is very moderate and as the society's operations have brought about a general lowering of commissions in Southampton market, all livestock

vendors on the market have effected considerable savings."

Market garden produce stands on a different footing from cereals or livestock. The grower generally aims at establishing a speciality and getting exceptional prices for early lots. But the market for specialities is limited; and as small holdings increase, the keener and more disheartening will this competition become to the small holders. Much harm has been done to the movement by the fallaciously optimistic returns of private experimenters, who have had exceptional facilities for retail selling.

Some kind of combined action through a co-operative selling society with an agency in London or the local town suggests a way out of the difficulty, which is a very real one. For altho in general a better all round price would be obtained in the long run by joint action, in individual cases special prices would be lowered. But there would be a saving in middlemen and costs of transportation, especially in railway freights, which must be high when small produce is dispatched, in single lots, and often (for fear of disclosing the customers' name to local competitors) without a clear label. A fruit grading society could effect signal economies in the grading and repacking of fruit. For unfortunately it is the foolish but persistent perversity of many farmers to suppose that anything but a very temporary advantage can be gained by the elementary device of placing the best fruit on the top, or by the less elementary device of placing good samples at the bottom, as well as at the top, or by the positively intellectual device of the "stove-pipe" system of packing, invented for the discomfiture of the buyer who takes out a stave of the barrel.

In spite of these clear advantages, the attempts of societies like the Hereford Fruit-growing Society (deceased) in England and others on the Continent, have so far broken down on the same stumbling block, namely that the farmers send their produce irregularly or send only their worst produce. The lesson is that the half way house to co-operation is useless. The members must deliver regularly and must deliver good produce as well as inferior. Such at any rate is the practice of the only big successful fruit selling society of which I know on the Continent, namely at Odense, in Denmark, which may be found selling apples and small fruit by contract in London at times when English farmers complain that their fruit is not worth the picking.

In the meanwhile, however, it is necessary to face the further problem that the grading and preliminary price-fixing must be done locally and that a small local society can hardly support an expert for this purpose; while an amateur's work will not be acceptable. In one part of England, Lincolnshire, a partial solution is provided by the enterprise of the industrial co-operative store in Lincoln town, which buys local produce and has on the spot a special departmental manager for the examining and valuation of produce. The farmers in return get cash, but may, if they wish, have the proceeds put to their account at the store for the purchase of household necessities. It must be remembered, however, that the industrial co-operative store, with its working class custom, is concerned (rightly) with providing only the class of produce that its members demand. Just as some of the co-operative vintries in Italy and France have failed to find a market with the stores, because they produce wines of exceptional quality, so also more

than one Welsh society has found itself offering to stores in the Midlands Welsh mutton of higher quality and price than the stores have a use for.

The conclusions which I endeavor to draw from the above facts and arguments may be resumed briefly as follows.

The small holdings movement in England is a natural and genuinely rural movement: and the recent small holdings legislation is a legitimate answer to an effective demand. It *may* fail; but given suitable conditions, such as every movement must have, I can see no economic reasons why it should. Co-operation is a device whereby certain business economies can be effected. It is limited in its scope, but within its scope it is a proved success on the Continent, and it has already taken a firm root, twenty years ago in Ireland, and more recently in England. The small holder will not make a fortune, but if he has decent and sufficient land, he may expect the wages of an agricultural laborer and as much again in profits.

Our journalists and urban writers talk blithely of "back to the land," forgetting that a dock laborer can no more be transfigured into a farmer than into an engineer. The rural drain cannot *be* stopped: it must stop of itself, not under the enticement of rural amusements (tho this may do something), but by the provisions of a wider stepping stone between the agricultural laborer and tenant farmer. It is said that the smaller farmers in Cambridgeshire have been more successful than the big men in weathering the agricultural depression which is now passing away. At any rate the present movement has sprung up after the experience of the full force of the agricultural changes incident to the development of international

agriculture. As a nation I believe we are industrially still vigorous and young, but, if we are to remain so, we must continue to have the basis of all industrial strength, a sound rural population.

C. R. FAY.

CHRIST'S COLLEGE, CAMBRIDGE, ENGLAND.